

sive evidences of *order* in our banking system, its several parts, geographical and group, responding in much the same manner to change, and its several processes being interrelated in a definite manner. Moreover, the norms, trends, and correlations seem to be broadly predictable. In general outline, they repeat themselves year after year in all parts of the Federal Reserve system. They are quantitative evidences of the processes of competitive effort in a competitive system.

Are these facts significant? They appear to be. Banks individually and collectively need standards or norms of operation which will serve as guides. They need also knowledge of trends and of the relative levels upon which banking in its various phases is carried on in different parts of the country. They need to know that forces are constantly in operation tending to bring rates of earnings, for instance, to conditions of equilibrium, and that these forces, interrelated with the fortunes of business, are operating in the same direction at a given time in all parts of the country. They need measures of the nature and of the degree of the interrelation of banking processes, representative of groups broad enough to give them statistical significance. They should welcome facts which indicate for groups of banks the combinations of conditions concerning the composition of their earning assets and of their deposits, and so forth, tending to be associated with relatively high or low gross earnings, expense, and net earnings. It is facts of this and of other types which the study discloses, partly as a direct and partly as a by-product of its major purpose—the search for *order* in our economic system.

The results of the study may have general economic significance, inasmuch as they seem to demonstrate that, for the years covered and for the institutions involved, the results of widely dispersed competitive effort can be charted and measured. Moreover, they disclose patterns, repeated again and again, associated with, if not causally related to, such effort. Then, too, the pattern of regression to type, in so far as expenses of operation are concerned, is essentially the same as that found in the field of retail distribution,² the details concerning which, with respect to

² See the writer's *Competition in the Retail Distribution of Clothing—a Study of Expense or "Supply" Curves*, The Bureau of Business Research, Northwestern University, Chicago, 1923; *Expense Levels in Retailing—A Study of the "Representative Firm"* and of "Bulk-Line" Costs in the Distribution of Clothing, The